

## 2.2 REMODELER BUSINESS MODEL

### 2.2.1 Introduction

A remodeler is a company whose core business is to provide a full array of home improvements, such as remodeling an individual room, replacing floors, or adding rooms. Remodelers may also provide home energy upgrade services, but those services typically are not a core part of a remodeler's business. Remodelers compete with and often employ more specialized contractors as subcontractors, including window, insulation, and HVAC contractors. Remodelers may also provide design and construction services. The following table provides a brief overview of the characteristics of a remodeler.

Summary of Remodeler Characteristics	
<b>Size</b>	Typically small, with 1 to 15 employees, but can range upwards of 1,000 employees
<b>Market Role</b>	Provide general home improvement services, including: <ul style="list-style-type: none"><li>■ Single feature replacement: upgrading windows and replacing a hardwood floor</li><li>■ Single room remodel: remodeling a kitchen or bathroom</li><li>■ House expansion: building an addition to an existing building</li><li>■ Whole-home remodel: improving and renovating an entire house</li></ul>
<b>Operating Environment</b>	Operate in a market impacted by: <ul style="list-style-type: none"><li>■ Regulations associated with building codes and health and safety issues (e.g., lead abatement, asbestos removal), as well as those affiliated with the claiming of energy efficiency program incentives</li><li>■ An increased interest in energy efficiency from consumers</li><li>■ Low barriers to entry nationwide, but high rates of failure keep companies small overall</li><li>■ Ease of access to contractor licenses in most states, requiring only an up-front payment (some states, such as Florida, require proof of previous experience before the contractor can obtain a license)</li></ul>
<b>Competitive Landscape</b>	Compete with other actors in the market, primarily in the area of system installation, including: <ul style="list-style-type: none"><li>■ Home performance contractors, retailers, and specialized installation contractors</li><li>■ Commercial and new construction companies moving into the remodelers' sector due to the economic downturn and decrease in new construction</li></ul>
<b>Collaborative Landscape</b>	Collaborate with the following firms in the market: <ul style="list-style-type: none"><li>■ Efficiency program administrators (both utility and non-utility), as qualified HVAC contractors through subcontracts</li></ul>